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# FOREIGN AGRICULTURE

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U.S. FOODS AT ANUGA

WORLD AGRICULTURE IN 1969

THE JAMAICAN MARKET

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

# FOREIGN AGRICULTURE

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Crowds of German tradespeople and public pour into the U.S. exhibit at the ANUGA trade fair in Cologne, Germany. See page 11.


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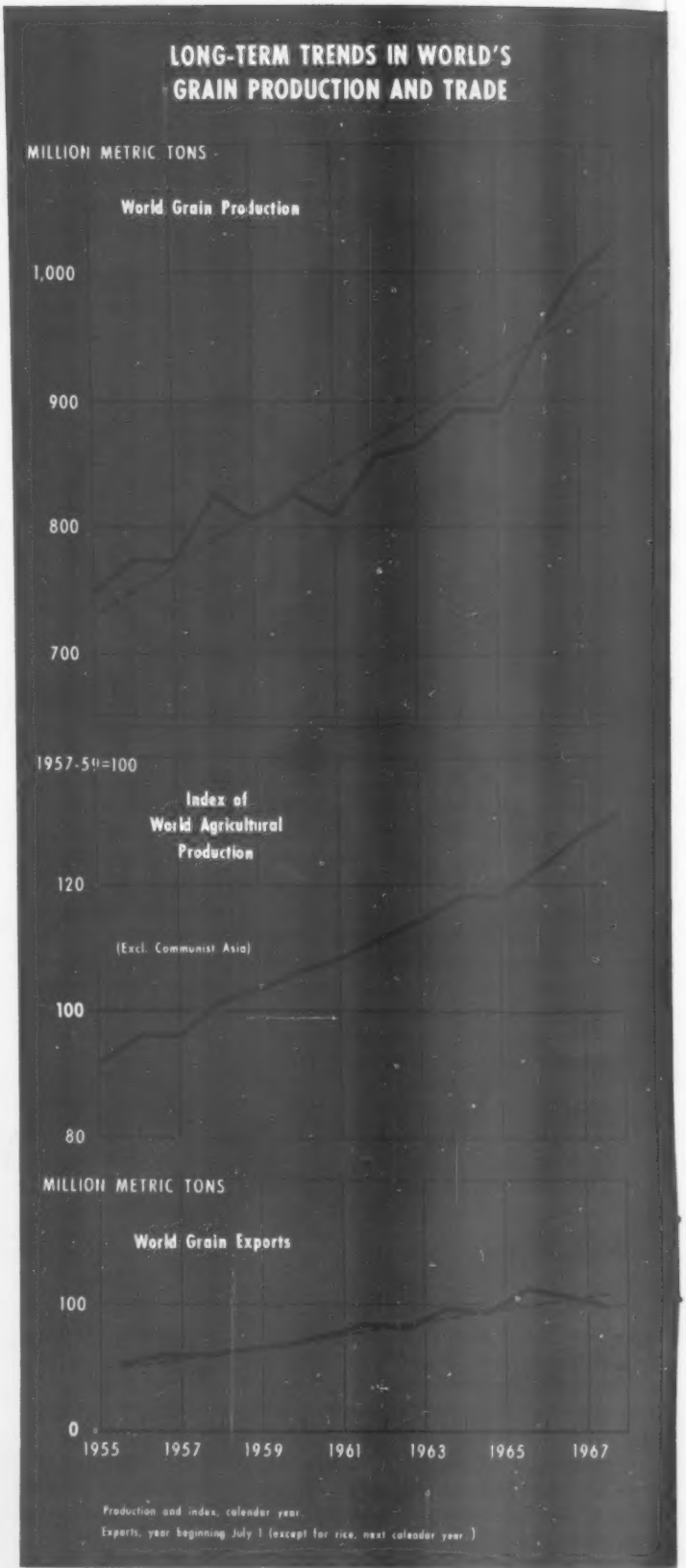

*The charts on these pages provide a context for the 1969 world agricultural situation through their long-term view of world grain production and trade.*

# How World Agriculture Is Faring in 1969

By DONALD CHRISLER
*Foreign Regional Analysis Division*
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Early indications of this fall's harvest point to another expansion in world agricultural output for calendar 1969. The situation is particularly favorable for those less developed countries with the largest populations: food production is forecast to increase in India and Brazil and to equal last year's high level in Pakistan and Indonesia.

For the less developed countries of the Far East and Latin America in general, output is expected to reach record levels. Good weather accounts for the gain in Latin America; good weather coupled with the high-yielding variety programs, for the record in the Far East. Erratic weather, on the other hand, produced smaller harvests in Africa and average ones in West Asia.

Western Europe expects a high level of agricultural output for the third successive year. Some reduction from the high level of last year is likely for the Soviet Union and the northern countries of Eastern Europe. The southern countries of Eastern Europe, however, have recovered from the 1968 drought.

In Canada, a near-record grain crop will offset some decline anticipated for livestock products. Following an excellent year in 1968, drought in portions of Australia may reduce the level of output.

From the standpoint of world trade in Temperate Zone commodities, the short-run outlook is not too encouraging. Because of large stocks, the world grain supply is forecast at a record level; and stiffer competition is expected for cotton and oilseeds in 1969-70.

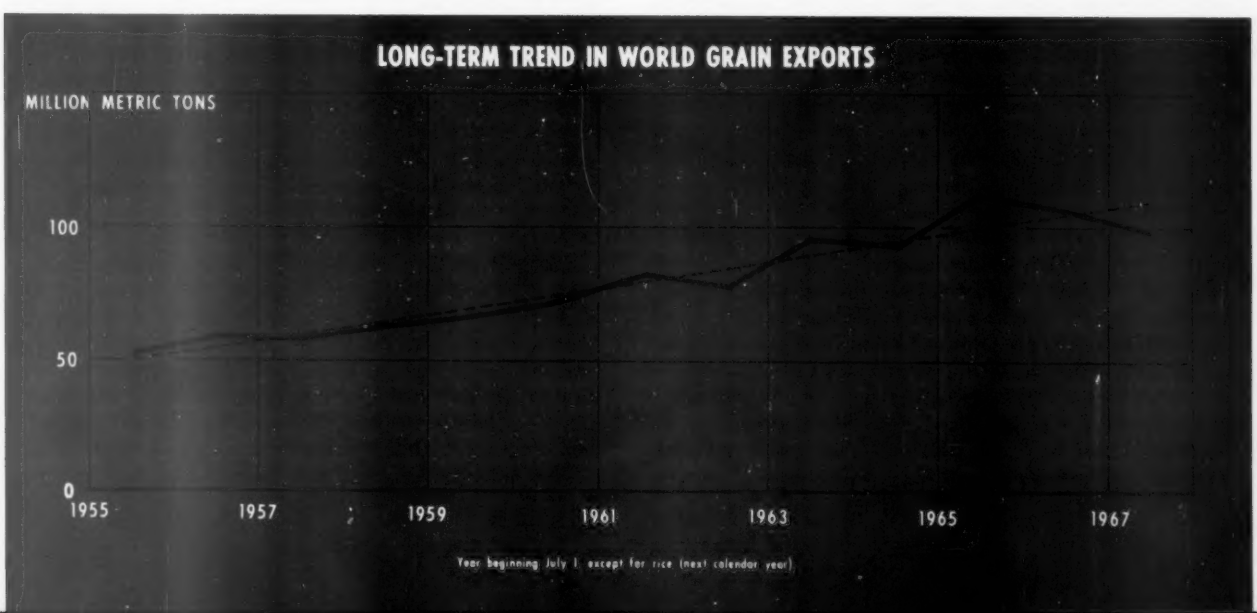
WORLD GRAIN PRODUCTION AND TRADE

| Year | Deviations from trend | |
|---|---|---|
| | World grain production [1] | World grain exports [2] |
| | *Percent* | *Percent* |
| 1955 | +2 | +3 |
| 1956 | +3 | +6 |
| 1957 | 0 | −4 |
| 1958 | +5 | −3 |
| 1959 | 0 | −6 |
| 1960 | 0 | −4 |
| 1961 | −5 | +4 |
| 1962 | −2 | −6 |
| 1963 | −3 | +8 |
| 1964 | −2 | −2 |
| 1965 | −4 | +12 |
| 1966 | 0 | +1 |
| 1967 | +3 | −9 |
| 1968 | +4 | ([3]) |

[1] Calendar year. Includes wheat, coarse grains, rice as milled, and pulses for Mainland China. [2] For wheat (and wheat equivalent of flour) and coarse grains, crop year beginning July 1. For rice as milled, calendar year following year of production. [3] Not available.

A review of long-run trends in world grain output and trade provides a context for the current agricultural situation. The table above indicates that small percentage changes in grain output can cause large percentage fluctuations in trade.

Looking only at the trade data for 1961-62 through 1965-66, when trade increased 55 percent, could easily have led to the conclusion that the long-run outlook for grain exports was highly optimistic. Indeed, many observers drew this conclusion. Looking also at the grain production trend, however, reveals that output was below the long-term trend line during



the years 1961 through 1965, and therefore trade during this period was abnormally high. Yet the table shows that grain production fell below the trend line only a maximum of 5 percent, whereas trade in 1965-66 was 12 percent above trend.

Since 1966, grain production has been above trend, while grade trade has declined. Yet in 1967, as the table shows, the relationship of 1965 was reversed: production rose above the trend line only by 3 percent, and trade fell below trend by 9 percent.

Though many observers are using data for these recent years to support gloomy views for trade in the longer run, too little attention is paid to long-term trends in world production, and opinions of the future are based too much on most recent events.

## Record grain supply forecast

World *grain* output for 1969-70 is forecast to equal the high level of the previous 2 years, provided weather conditions do not deteriorate greatly during the remainder of the crop year. World stocks—which fell sharply in 1965 and 1966 because of drought in India and the USSR—have built up again, and grain supplies should reach a new high. Stocks are at record levels in Canada, the European Community, Australia, and Japan; and U.S. stocks are the largest since 1965. During the past 5 years, there has been a shift in the location of Free World grain stocks; at present only a little more than half of these stocks are in the United States, compared with three-fourths in 1964.

Because of large stocks in importing and exporting countries, the general outlook for grain trade is no more favorable than last year. Even a sharp drop in production in the Southern Hemisphere countries (which begin harvesting small grains in November) would not change this outlook very much. For example, in Australia—which is experiencing dry weather in some areas—production would have to decline 40 percent to bring Australian wheat supplies below last year's record level; a decline of less than 10 percent is currently anticipated.

## The world's grain markets

On balance, world demand for *milling wheat* is likely to continue at about the 1968-69 level. There should be an increase in wheat imports by Japan and other countries of East Asia where per capita consumption is trending upward. Milling wheat requirements should also be up in Portugal, where excessive rainfall reduced both acreage and yield; and northern Africa will have a larger breadgrain deficit. On the other hand, the European Community (EC) and Yugoslavia will import less wheat; India's imports will not increase significantly; and, because of a better quality crop, U.K. imports of soft milling wheat may decline.

The world *feedgrain* situation is much more complicated. In the EC mixed feed industry, cassava chips, pulses, milling byproducts, and meals of all types are making inroads at the expense of grain. Some sugar and nonfat dry milk also are being used in mixed feed. And—among the grains—corn, sorghum, and barley are losing ground to EC feed wheat.

Soft wheat, sugar, and nonfat dry milk are surplus commodities in the Community, and the other substitutes have lower tariff rates than grain. Estimates of the amount of wheat fed vary considerably but fall in the range of 5-10 million tons. By contrast, U.S. use of wheat for feed was about 4.5 million tons in 1968-69, the highest in 20 years.

At present, there is plenty of feed wheat at attractive prices in Western Europe. Community carryover stocks are record-high, a portion of the soft wheat crops is of low quality, the subsidy for denaturing wheat or for using wheat in mixed feed has been increased for 1969-70, and the EC wheat export subsidy was increased on August 1. In addition, the EC has another large feedgrain crop.

Because of drought, feed requirements have increased in Poland, East Germany, and Czechoslovakia.

In Japan, a steadily growing market for feedgrains, the situation is clouded by a large surplus of *rice* hanging over the market. Two bumper rice harvests in 1967 and 1968, coupled with a decline in rice consumption, have sharply increased Japanese stocks; and Japan anticipates a near-record crop for 1969. Japan's export prospects are poor because of high producer prices and limited foreign demand for Japanese rice varieties. Because of the low cost of imported feed relative to domestic rice, only very low-grade rice—amounting to about 30,000 tons annually—has been used for feed in the past. The Japanese Government currently is studying a proposal to dispose of 1 million tons of rice stocks, at subsidized prices, for domestic feed.

Outside of Japan, rice production increased in most of the traditional rice-importing countries. Record crops are forecast for India, Pakistan, Indonesia, the Philippines, South Korea, Ceylon, and Malaysia. India's imports of rice may increase in 1969-70 because of the growing demand in urban centers and the availability of cheaper rice in exporting countries. Import requirements are lower for Indonesia, Malaysia, South Vietnam, and South Korea. Ceylon's and Hong Kong's rice imports will not change significantly; and the Philippines, for many years a major importer, will again have a small exportable surplus.

## The competition in grain

In the depressed grain market last year, France provided the strongest competition. In 1968-69, the combined *wheat* exports of the United States, Canada, Australia, and Argentina fell to the lowest level of the decade, with the United States sustaining the largest loss—a drop of 6 million tons (30 percent) from the 1967-68 level. Argentine wheat exports recovered somewhat from the very low level of 1967-68, but France—because of export subsidies, tie-in arrangements, franc speculation, and easy credit terms—was the only country that maintained a back-to-back increase in wheat exports.

For the current year, France has already signed contracts for export of at least 3.2 million tons of grain, including 1.5 million tons of grain to West Germany; 900,000 tons of wheat to the United Arab Republic (Egypt)—including 270,000 under IGA Food Aid; and 800,000 tons of wheat to Mainland China.

The bulk of the increase in French wheat exports last year went to other EC countries, primarily West Germany. Thus, French grain stocks did not increase, but stocks of other EC countries increased sharply. West German stocks are so large that part must be stored in neighboring countries, and Germany is exporting grain to make room for the current crop. For the current year, German wheat exports to non-EC countries are running at a higher rate than those of France.

This year, Canada produced its third largest wheat crop,

despite a 15-percent decline in acreage; and for the third consecutive year it is carrying stocks larger than those in the United States. Mainland China has recently come into the market for 2.3 million tons of lower grade Canadian wheat for October-September delivery.

It is too early to say much with confidence about the wheat crops in Australia and Argentina, but patches of drought are showing up in both countries. For the first time in many years, Australia did not increase wheat acreage; in Argentina, the wheat area declined from the 1968 high because of poor planting conditions and a frozen support price. In the USSR—for most years a net exporter—winter wheat suffered a setback; but spring wheat, the major crop, had favorable growing conditions on an expanded area. Although there are difficulties with the harvest (a frequent situation in the Soviet Union), the wheat crop apparently will be a good one, even if below the highs of 1966 and 1968. Soviet wheat stocks remain large.

In *feedgrains* too, the United States suffered a large export loss in 1968-69—20 percent, mainly because of competition from French feed wheat, barley, and corn, coupled with reduced demand from Spain and with the U.S. dock strike. It is believed that wheat for feed accounted for the bulk of the increase in French wheat exports. French exports of barley and corn exceeded the 1967-68 record by 40 percent.

Among the other competitors, Argentina and South Africa are virtually sold out of feedgrains until next spring when the coming crop will be harvested. Canada, both a market and a competitor, has record supplies of feedgrains—although the corn crop is down—and a large carryover of feed-quality wheat from the 1968 crop. Thailand, with a large corn crop, will again be an important factor in the Japanese and Taiwan markets.

Among the major *rice* exporters, production in 1969 declined in the United States; increased in Mainland China, Burma, and Cambodia; and is expected to reach a record level in Thailand.

## World cotton trade may recover

U.S. cotton exports in 1968-69 were the smallest since 1955-56. There were large declines in U.S. exports to Japan, Italy, Taiwan, Hong Kong, and India. U.S. cotton lost ground to Mexican, Brazilian, and Soviet cotton in Japan; to Mexican and Brazilian cotton in Italy; and to Brazilian cotton in Taiwan and Hong Kong. In addition, cotton stocks were drawn down in Japan and Italy. For India, there was a delay in P.L. 480 allocations and shipments of cotton.

Comparatively high U.S. prices, a short supply of certain grades, the U.S. dock strike, and increased use of manmade fibers hurt U.S. exports. World production of manmade fibers, which increased 18 percent last year, is equivalent to world cotton production.

World cotton production in 1969-70 is forecast to be near the level of last year, with significant increases in the USSR, Brazil, and the UAR; a recovery in India; major declines in the United States and Mexico; and significant declines in Mainland China and Central America. (The U.S. Government, in an effort to increase the supply of cotton for mill use and export next year, announced on October 15 that the upland cotton marketing quota would be raised to slightly over 16 million bales—an increase of 942,000—and the acreage allotment by 1 million acres, to 17 million.)

In the USSR, the planted area increased about 5 percent, and a 15-percent increase in the government purchase price should stimulate production. The effects of good soil moisture in most of the northern provinces of China are likely to be more than offset by poor growing conditions in the southern cotton area. In India, domestic prices are high, rainfall has been satisfactory, and the supply of irrigation water appears adequate.

Many Mexican and Central American farmers are substituting other crops for cotton because of unfavorable prospects for cotton prices. In southern Brazil, however, owing to favorable support prices, another expansion in cotton area is expected.

World trade in cotton may show some improvement this year, provided replenishment of drawn-down stocks in importing countries exceeds inroads from manmade fibers. Competition will be keen, however, because of larger crops and large carry-in stocks in many exporting countries.

## Oilseed competition may stiffen

U.S. exports of *soybeans* increased in 1968-69 for the eighth successive year. Direct shipments to the European Community recovered, transshipments via Canada reached a new high, and exports to Spain and Taiwan continued to trend upward; but sales to Japan and Denmark declined from the record levels of the previous year. Exports of U.S. soybean meal also continued upward with major gains in sales to Spain, Canada, Switzerland, and Yugoslavia.

Drought in northeast China was relieved by timely rains that improved the outlook for Mainland China's soybean crop. Brazil produced a record soybean crop in early 1969, and based on grower's intentions, acreage for the 1970 harvest is forecast to be up by 20 percent. Because of a sizable expansion in soybean production, Mexico will be virtually self-sufficient in vegetable oils this year.

In the European Community, demand for oilseeds should continue to be strong, although existing and proposed measures for reducing the butter surplus may depress the market. In addition, high EC support prices have stimulated the production of *rapeseed*, which increased 32 percent in 1967, 11 percent in 1968, and 6 percent in 1969. However, Community inventories of oilseeds and products have been temporarily worked down, and short-term prospects are favorable for EC imports of soybeans and Canadian rapeseed. In fact, Canada, the largest exporter of rapeseed, may reclaim some of its former markets in Europe, instead of relying heavily on Japan to market its bumper crop. Following a drop in 1968, Canadian rapeseed production in 1969 exceeded the previous high by 40 percent.

The area seeded to *sunflowers* in the USSR may have declined somewhat from that of the previous 2 years, and growing conditions have been average. In Eastern Europe, prospects are favorable for the sunflower crop. Effective October 15, the European Community suspended its import levy on Soviet and East European sunflowerseed oil, and this may attract sunflowerseed oil from these areas. Argentina, however, because of a small sunflower crop in 1969, will not be an EC market factor until next spring.

The *peanut* crop in India, the world's largest producer, is expected to recover sharply from the low 1968 level and reach a record 6 million tons. In Nigeria, the largest exporter of peanuts, the producer price for the 1969-70 season has been raised and an increase in plantings is expected.

# German Revaluation Deals EC Farm Policy a Second Blow

By GEORGE KRUER
*Foreign Development and Trade Division*
*Economic Research Service*

The European Community's intricate Common Agricultural Policy (CAP), complicated in August by devaluation of the French franc,[1] has been further complicated by the de facto revaluation of the German mark, on September 30.

On revaluating, the German Government imposed a 5.5-percent import tax on most agricultural products to protect German farmers from lower import prices; no charges were imposed on imports of industrial products. Challenged as illegal by Germany's EC partners, the tax was reduced to 5 percent by the EC Council, subject to modification if the average weekly premium for the mark is more than 6 percent or less than 4 percent. The Council also required that the tax apply to a restricted number of products and that it be eliminated when the mark was returned to a fixed parity. This return is scheduled to be a first order of business of the new government, which took office October 21.

The products to which the tax applies are those for which an intervention or support price is being paid in Germany in application of CAP regulations. On imports from EC member countries the import tax will be 5 percent of the intervention price. For imports from third countries the tax will be 5 percent of the intervention price *less* 5 percent of the current import levy. The products subject to the tax are wheat, barley, corn, sorghum, rice, certain milled grain and rice products, sugar, dairy products, beef, and products based on these commodities. No compensatory amounts are fixed for poultry, eggs, pork, fruits and vegetables, oilseeds, or canned fruit. Export subsidies on the same products may be authorized at a later date by the EC Commission.

### Effects of exchange rate shifts

Under the CAP, farm prices, import levies, export subsidies, etc., are set in terms of a "unit of account" which equals $1. If the CAP rules were followed when exchange rate changes occur, German producer prices for farm products would fall in terms of marks following *revaluation*; farm income would also fall, and the overall effect would be deflationary. The opposite would have been true following the French *devaluation*; producer prices in terms of francs would rise, farm income would rise, and the overall effect would be inflationary. France was reluctant to allow this to happen since the inflationary effects would offset part of the hoped-for gains from devaluation. Therefore, the EC granted France a dispensation from the automatic working of the unit of account and allowed France to leave producer prices unchanged in terms of francs and, to prevent trade distortion, to impose an export tax equivalent to the devaluation on farm exports to all countries and to pay an import subsidy on farm imports from all countries.

Equal treatment of the German de facto revaluation implies unchanged farm producer prices in terms of marks and the imposition of import taxes and the payment of export subsidies of the same magnitude as the revaluation. The German Government did leave producer prices unchanged in terms of marks when it immediately imposed the import tax on most agricultural products. Action on the payment of export subsidies is still being held in abeyance.

Why did the Germans insist that they be permitted to impose an import tax on agricultural products? The answer is "to insure that the German farmer's competitive position remains unchanged following the de facto revaluation."

German farmers would be at a price disadvantage to the extent of the revaluation if no tax were imposed. This is because, given unchanged world prices, imports would enter Germany at a lower mark price, while at the same time producer prices received by German farmers remain unchanged in terms of marks.

### Why the import tax?

Although the Community's authorization of the tax and other measures is to expire when a new parity rate is set, what will replace them is not yet known. It may be a tax at a different level or an income subsidy to German farmers. But if this import tax is to expire after 3 weeks of existence only to be replaced by an income subsidy scheme, why bother with it at all? Why didn't Germany go directly to the income subsidy scheme?

No hint has as yet been given as to what exchange rate may eventually be set, but toward the end of the week of October 12 the free market had placed a premium on the mark of about 6.8 percent, at which time 3.73 marks equaled $1 compared to the parity rate of 4.00 marks equals $1. The answer to the question of how far the revaluation will go is complicated by the border tax adjustments instituted by Germany in November 1968. The 4-percentage-point decrease in export rebates and import taxes on German trade was in place of revaluation of the mark at that time but nevertheless had the effect of a 4-percent revaluation as far as trade was concerned. That action plus the 6.8 percent de facto revaluation constituted a total revaluation of 10.8 percent. But on October 8 Germany announced it was going to suspend the 4-percentage-point border tax adjustments until December 1, with the likelihood that they would not be reimposed. This means that the total revaluation reflecting the actions of the past year is now only 6.8 percent and the net effect of the present action is only 2.8 percent. Money market circles are voicing doubts that this will be enough to prevent a new speculative run into the mark in the near future.

## United Kingdom Hop Import Quota Set

The Board of Trade announced that the quota tor imports of hops into the United Kingdom for the year September 1, 1969, to August 31, 1970, is 1.85 million pounds.

Imports of hops grown in and consigned from Commonwealth countries or the Irish Republic are not affected by this quota. Should the English crop be insufficient to meet brewers' requirements of English-type hops, supplementary import licenses may be granted. The 1968-69 quota was 1.624 million pounds.

[1] See the September 8 issue of *Foreign Agriculture* for a discussion of the franc devaluation, and September 29, October 6, October 20 for effects on particular commodities.

# France Scans Plan for Radical Agricultural Revision

A controversial report on French agriculture with a wide-sweeping set of recommendations has stirred up the opinions of both French farm organizations and farm experts. Called the Vedel Committee Report, the study was released to the public September 19 by French Minister of Agriculture Jacques Duhamel at a press conference.

The Vedel Report is a study of the problems of French agriculture with projections to 1985 and a younger and more radical relative of the Mansholt Plan (see *Foreign Agriculture*, 1968, Oct. 28, p. 7, and Dec. 2, p. 5). The Mansholt Plan was submitted by the EC Commission to the European Council as a possible reform of Common Market agriculture. The Vedel Report, however, applies only to France. If the French Government endorses part or all of the Vedel recommendations, the changes would be incorporated in France's 6th Plan for Social and Economic Development (1971-1975). Further, adoption of such changes would be a substantial new factor in the discussions of future Common Market agricultural policies now underway in Brussels.

The Vedel Committee, headed by Georges Vedel, dean of the Paris law faculty, began work in 1967. It extrapolated the French agricultural situation to 1985 under various hypotheses, including present policies and the Mansholt proposals. The disadvantages of present price-support policies were obvious from mounting surpluses and support costs. The principal shortcoming of the Mansholt Plan was considered to be the mistaken assumption that larger farms combined with modern technology could cope with the surplus problems.

The heart of the Vedel recommendations is that more drastic measures than those proposed in the Mansholt Plan are needed. In particular, the Vedel Report states that the only real solution to surplus production is the withdrawal of land from cultivation—up to one-third of present French agricultural holdings is suggested.

Some of the specific recommendations of the Vedel Report are as follows:

- Total cultivated area in France should be reduced from the present nearly 80 million acres to approximately 50 million by 1985. Some fertile lands as well as marginal areas will have to be retired. Between 17 million and 20 million of the acres taken out of cultivation should come from farms of less than 50 acres.
- The government should follow an intensive reforestation policy.
- The average size of agricultural holdings should increase from the present 50 acres to almost 200 acres.
- The number of separate holdings should be reduced from 1.5 million to 250,000 with each unit employing two to four persons.
- The French agricultural population should drop from the present 3 million to between 600,000 and 700,000 by 1985.
- To accomplish the point above, between 105,000 and 135,000 new jobs must be created each year for people leaving the land.
- Economic aid for agricultural restructuring should be limited strictly to those who will be able to compete. Agricultural borrowers at Credit Agricole (chief source of credit to French farmers) should pay the rate of interest prevalent in other sectors of the economy.
- Prices of cereals and sugar (both surplus commodities) should be slashed. New prices should be based on the average costs of the most efficient European producers.

The Vedel Report also makes these following predictions if its recommendations are followed:

- Yield per acre will double by 1985, production per farm will increase eightfold, and output per person will be multiplied by 5.5.
- Farm income by 1985 will have caught up with the rest of the economy.
- Even with provisions for food aid, European markets cannot provide sufficient outlet for French farm products.

### Reaction spectrum

Even before the Report was released there was interest in its contents because of statements by Prime Minister Jacques Chaban-Delmas and Minister of Agriculture Duhamel that called for the creation of a French agriculture competitive with other national agricultures. Proposed changes in the Credit Agricole so that its resources would no longer be available only to farmers also aroused speculation about influences on future French agricultural policies.

Although the French Government has so far only cautiously described the Report as a good analysis by experts, French agriculturalists feel the Report has Government support because of the consistency of its statements with those made earlier by Chaban-Delmas and Duhamel. It is also known that two of Vedel's committeemen are in Duhamel's ministry. Further, Duhamel is quoted as saying the Report would be his "bedside reading."

One major French agricultural organization—the National Farmers Union with about 700,000 members—labeled the Report the conception of an "irresponsible technocrat." Another group—the National Young Farmers Organization with 90,000 members—reserved its position about the Vedel Report although it supported the Mansholt Plan. Some newspapers have had unfavorable comments.

In a countereffort to these reactions, Minister Duhamel at a September 22 press conference indicated the need to make "socially possible what is economically necessary."

# Pakistan's 1970 Wheat Target

Pakistan has fixed the 1969-70 wheat production target at 7.5 million long tons—500,000 tons more than last year and the year before. Disappearance of wheat in West Pakistan, including exports to East Pakistan, a wheat-deficit area, is forecast at 7.0 million tons excluding an increase in reserve stocks.

Farmers are urged to plant the maximum area to the dwarf high-yielding wheat, called Mexi-Pak; planting begins this month. In order to reach the target, incentives to wheat growers will include a supply of short-term credit for purchase of quality seeds and fertilizers; for this purpose the Agricultural Development Bank will supply US$6.3 million and a special discount on the sale of phosphatic fertilizers. Procurement and issue (wholesale) prices for the 1969-70 crop were not released when the target was set, but will be shortly. Plant protection operations and seed distribution are to be gradually transferred from the Government of Pakistan to the private sector.

—Based on dispatch from CARL O. WINBERG
*U.S. Agricultural Attaché, Rawalpindi*

# Hong Kong's Cotton Spinning Industry and Its Problems

Hong Kong's cotton spinning industry imported 719,000 bales (480 lb. net) of cotton in the first 11 months of 1968-69. Therefore, it is likely that total volume will be near the 760,000 bales imported last season. The United States was again the largest supplier, although imports of U.S. cotton declined to 227,000 bales from 275,000 bales the first 11 months of 1967-68. Imports from Pakistan—the second largest supplier—declined to 171,000 bales from 245,000. However, imports from Brazil, Uganda, Mexico, Thailand, and Nicaragua showed substantial growth.

Both the tight labor conditions in the Colony and the continued shift to spinning larger quantities of synthetic fibers are limiting total industry production and cotton utilization. The tight labor situation has so influenced production in the spinning industry that cotton consumption in 1968-69 will be about the same as in 1967-68 (750,000 bales). For these reasons, and also because of the excessive stocks of cotton already on hand, Hong Kong's cotton imports in the 1969-70 season may not approach the level of 1968-69.

The U.S. position in the market may weaken further as large imports continue from Pakistan, Brazil, Central America, and from new suppliers—primarily the Central African countries.

## Imports

In 1968-69 Hong Kong's cotton imports were from more countries than in 1967-68. The export availability of cotton from most of the world's major producing countries and also many smaller producing countries was substantially larger in 1968-69; also, importers diffused their imports more than in the previous year. The drop in the import share of the United States and Pakistan—traditionally the major suppliers—from 68 percent in 1967-68 to 53 percent in 1968-69 was caused by the larger imports from Brazil, Uganda, and Mexico, and to a lesser extent, from Thailand and Nicaragua. Other reasons for the decline in U.S. imports were the midwinter dock strike and less competitive prices for U.S. cotton. And in the case of Pakistan, local trade reports indicate that the late winter fire in Karachi in which close to 70,000 bales were destroyed affected Pakistan's export volume.

Imports from Brazil were 64,000 bales, and from Mexico, 35,000 bales.

Tanzania, Uganda, and Kenya together supplied the Colony with 140,000 bales in 1968-69. Only Uganda was able to supply a larger volume in 1968-69—55,000 bales—than the previous year. Tanzania continued to be the major East African country to supply Hong Kong—with 78,000 bales. This volume of imports, however, was down 30 percent from 1967-68.

## Consumption

Hong Kong's cotton spinning industry will probably consume about as much cotton in 1968-69, 750,000 bales, as in 1967-68. Consumption in the first 7 months of 1968-69 was 2 percent ahead of 1967-68, but in the last 4 months consumption has actually been below that of a year earlier.

The declining rate of consumption is due to two factors. First, and according to some trade sources, having the most adverse effect on cotton consumption, is the tight labor condition in the Colony. As of June 30, 1969, there were 22,643 vacancies listed by industrial enterprises out of a total industrial labor force of 535,335.

The textile industry is the largest employer in the Colony with about 225,126 workers or 42 percent of the recorded industrial labor force. The cotton spinning segment of the textile industry is apparently suffering from the tight labor market more than the other segments of the textile trade. The cotton spinning mills generally do not pay as high a base salary as the other industries and also working conditions are not as good. The spinning industry does provide its workers with more fringe benefits—cash benefits, good attendance and efficiency bonuses, free or subsidized food or food allowance, free or subsidized housing, and paid holiday. However, the general trend—which employees prefer—is towards higher base salaries with less fringe benefits. Thus, in the Colony there is consumption of longer staple cotton because it can be spun at faster spindle speeds with less breakage and so requires less labor.

The second factor affecting the declining rate of cotton consumption is the increasing use of synthetic fibers. Currently 16 local mills are either spinning or doing experimental spinning of synthetic fibers. Although the total volume of synthetics remains relatively small, the production of yarn from 100-percent synthetics or blends will continue to expand. Consumption statistics on synthetic fibers are not available, but import statistics on such fibers indicate a significant increase in their use. In the first 6 months of 1969 imports totaled 14.1 million pounds. This quantity represents 71 percent of total imports in all of 1968 and 127 percent of 1967.

According to the midyear report of the Hong Kong Cotton Spinners Association, the spinning industry had 811,264 spindles in place on June 30, 1969, a 2-percent increase over yearend 1968. The Association estimated that by the end of 1969 an additional 38,000 spindles would be installed. According to the report, ". . . the major portion of the new spindles will be devoted to the spinning of blended yarns to meet the pronounced shift in world demand for textiles of mixed cotton and manmade fibers. It is estimated that by December, 25 percent of spindles installed will be spinning blended yarns." A few industry leaders, however, doubt the projected expansion because of the current labor situation.

## Outlook

In looking at the early stages of the 1969-70 season for cotton in Hong Kong the prospects for an increase in total imports are not encouraging, and initial indications are that the U.S. position in the market could decline further in the current year.

The pressures of the tight labor market and the general shift to blended yarns will continue to have a negative effect on raw cotton consumption. A general leveling off in consumption or even a decline in use, along with the current heavy stocks, indicates that imports may not be as large in 1969-70 as in the past year. Even though new orders for cotton are very light, importers generally agree that U.S. cotton is not currently price competitive and prospects for any improvement are not encouraging.

Brazilian and Central American cotton will maintain a strong position in the market this next year. In addition, Central African cotton may attain a strong position.

Jamaica's resort hotels are big users of U.S. food.

# U.S. Farm Products in the Jamaican Market

From 1963 to 1968 United States exports of agricultural products to Jamaica doubled from $14.6 million to $29.1 million. This expansion is continuing. In the first 5 months of 1969 U.S. shipments of these commodities were 26 percent above exports in the corresponding 1968 months.

The United States is Jamaica's first external supplier of agricultural commodities, and the U.S. share of Jamaica's agricultural imports, which rose from 33 percent in 1962 to 45 percent in 1967, is rising slowly. The 1968 pattern of U.S. agricultural exports was highly concentrated in basic materials and semiprocessed goods. This concentration is becoming more pronounced as a result of Jamaica's restrictions on imports of consumer goods and expansion of food and feed manufacture.

## Why good potential

Further growth in U.S. agricultural exports to Jamaica seems likely in the years ahead because of (1) the island's growing population and consumer incomes, (2) the transportation advantages enjoyed by U.S. exporters, (3) the booming tourist industry, (4) the modest growth potentials of Jamaican agriculture, and (5) the increasing economic and cultural contracts between Jamaicans and Americans.

Food consumption in Jamaica is increasing about 2.6 percent a year in response to increases in population, incomes, and tourism. Food buying patterns are also changing as Jamaican consumers upgrade their diets, become more urbanized, and demand more convenience foods.

Population growth probably will be near 1.6 percent a year unless there are unexpected changes in birth rates and net emigration, mainly to the United States. With expected increases in per capita gross national product and consumer incomes of about 2.4 percent a year and an income elasticity of food demand near 0.4, per capita food expenditures are likely to rise about 1.0 percent a year.

The Jamaican tourist industry is expanding at a fantastically high rate. The number of tourists to Jamaica almost doubled from 1963 to 1968 and the average length of visit rose to almost 9 days. Nearly 90 percent of the tourists are Americans and Canadians. The 400,000 visitors in 1968 ate about as much food as an American city of 10,000 people. By 1975, this market for high quality foods, of which about two-thirds is imported, mainly from the United States, may be 2.5 times as large as it was in 1968.

A comparatively new roll-on, roll-off trailer shipping service is another factor favoring growth of U.S. exports to Jamaica. Currently these trailer ships operate only between New York, Philadelphia, and Miami to Kingston and Montego Bay in Jamaica. The advantages of this service to shippers, including lower transportation charges, are a partial offset to the tariff preferences enjoyed by Canadian and British Commonwealth suppliers. These preferences are on the order of 10 to 15 percent of product values on most goods.

As in most developing countries, Jamaica's agriculture, the mainstay of the national economy for centuries, is a declining source of employment. Its share of the gross national product continues to fall despite increases in total output. Although climatic and soil conditions in the island permit production of a wide range of crops and livestock, over 30 percent of the national food supply is imported. Furthermore, this import share is rising as total agricultural output expands less rapidly than total food consumption.

The Government of Jamaica is vigorously pursuing a policy of rapid expansion of farm production for domestic needs and of more modest growth of the traditional export crops, chiefly sugar, rum, bananas, citrus fruits, and spices. But modernization of the domestic (nonexport) segment of Jamaican agriculture, with its thousands of small-scale, semicommercial farms, is a formidable undertaking. It is moving forward at a generally modest pace with some important exceptions.

From 1964 to 1968 production of chicken broilers, based on modern methods and industry organization, jumped from 10.4 million to 21.8 million pounds, eviscerated basis. This expansion is continuing. The Island is now nearly self-sufficient in broilers despite large increases in consumption.

Similarly, as a result of large gains in production, Jamaica is now nearly self-sufficient in pork, eggs, mutton and lamb,

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The above analysis was written by *Dr. Norris T. Pritchard* and *William P. Huth* of the Economic Research Service and *Nick Havas* of the Foreign Agricultural Service.

*Left, Jamaican traffic policeman in downtown Kingston, part of the picturesque scene that draws tourists to the island; below, aerial view of Kingston Harbor.*

fresh milk, potatoes, and several fruits and vegetables. In contrast, production of corn, rice, and several other crops has fallen.

The key elements in the Jamaican food marketing system are a few large Kingston importer-wholesalers. Eight firms handle nearly all agricultural imports and a large share of the national food and feed supply. They deliver directly to Kingston retailers and supply retailers in other parts of the island through small wholesalers.

Three importer-wholesalers are the main provisioners of the major tourist hotels and restaurants. All are representatives of major foreign food manufacturers and they distribute many food products under their own labels. Many of these are processed for them by local manufacturers in which they have substantial financial interest and control. Their strong market position is further strengthened by current methods of administering import quotas based on past performance.

Jamaican food manufacturing is expanding at about the same rate as the national economy. The industry produces a growing list of processed foods from both domestic and imported raw materials and semiprocessed products. Most of the processing plants are subsidiaries of foreign firms, are controlled by importer-wholesalers, or are government owned. All are small and many operate below capacity. Some are monopolies protected by import restrictions.

Feed manufacturing, although it lacks import protection, may be the fastest growing segment of the industry because of the rapidly rising demand for feed for Jamaica's growing outputs of poultry and livestock.

## Food retailing

Like many low-income countries, Jamaica has many small retail food shops. Their number, however, is falling while the numbers and sales of large self-service food stores, almost unknown in Jamaica a decade ago, are growing. Jamaica now has about 50 supermarkets and superettes, including about 15 American-size supermarkets. They are capturing a rising share of the island's retail food business, especially with the growing number of middle-class families. With family incomes, auto and refrigerator ownership, and female employment rising and employment of domestic servants falling in Jamaica, further growth of supermarket retailing seems assured. The picturesque Jamaican fruit and vegetable venders (higglers)—usually farmers' wives—are still an important but declining element in food marketing.

Jamaica adopted a policy of high and increasing protection of domestic industries in 1964 as an integral part of its broader agricultural and industrial development effort. Jamaica has high tariffs on most consumer products and a growing list of nontariff restrictions on imports of feed and other products. In addition, imports from British Commonwealth countries have the important advantage of substantial tariff preferences. These will continue to have adverse impacts on exports of many U.S. products to Jamaica.

The import restrictions and expansion of domestic food and feed manufacturing are shifting the pattern of Jamaican agricultural imports toward basic commodities and semiprocessed products. This change in the import pattern, however, is not wholly adverse to the United States. It may be a factor in the rising U.S. share of Jamaica's agricultural imports. The United States holds a strong competitive position in world markets as a supplier of such basic materials as food and feedgrains, feedstuffs, and vegetable oils and meals.

Finally, the prospects for continuing expansion of U.S. agricultural exports, especially basic commodities and semiprocessed products, to Jamaica appear favorable.

## Advertising income

Promotion of a limited number of high-quality foods with the booming Jamaican tourist industry could be highly beneficial. At the same time, efforts directed toward expanding the use of the roll-on, roll-off trailer shipping services to Jamaica, toward reduction of high Jamaican tariffs on selected food products, and toward relaxation and other improvements in administration of Jamaican import quotas could have favorable impacts on U.S. agricultural exports to Jamaica.

*Above, a display featuring samples of foods prepared for the U.S. space program; right, a discussion of the merits of U.S. iceberg lettuce.*

# Trade Potential Tapped at ANUGA

Sales increases are forecast for fresh fruits and vegetables, turkey meat, and fishery products from the United States as a result of promotion at ANUGA, the Cologne, Germany, International Food Fair (October 4-10). The biennial celebrated its 50th anniversary this year. The Foreign Agricultural Service helped sponsor the U.S. exhibit, one of the 46 national pavilions.

Exhibitors estimate a total increase in 1970 of about $8 million in sales as a result of participation in the fair.

The fresh fruits and vegetables included iceberg lettuce—an import item rapidly growing in popularity in Europe—and fresh, chilled citrus salads from Florida.

Other products that drew the trade's attention were canned sweet corn, freeze-dried seasonings, snack items, sour cherries, and scrapple, shown at ANUGA for the first time. They were among products displayed by more than 100 U.S. companies in the trade lounge, commodity booths, and commercial exhibit booths rented by 10 German agents.

In addition to private companies, six trade associations and the Departments of Agriculture of Pennsylvania and North Carolina participated in the show. The trade groups represented Florida citrus, raisins, peas and lentils, Michigan beans, poultry, and honey.

Visiting European tradesmen asked questions, sampled foods, and placed orders for imports. U.S. exhibitors were pleased with trade reaction and one commented, "This is by far the best trade show we have participated in. We look forward to coming back."

*A tray of hushpuppies from North Carolina (left), turkey sandwiches (above), and honey (below) were among the many items at the U.S. exhibit which attracted fairgoers.*

# CROPS AND MARKETS SHORTS

## Malawi's 1969-Crop Tobacco Prices

Tobacco auctions closed at Limbe, Malawi, on August 28 following a highly successful selling season. A total of 28.8 million pounds was sold for $11.0 million. Flue-cured and burley sales totaled 13.7 million pounds in 1969 compared with 12.8 million in 1968. Burley accounted for most of the increased sales. Fire-cured sales were down substantially, to 10.5 million pounds compared with 16.7 million in 1968. Prices were considerably higher for most grades. Flue-cured average prices reached 47.3 cents per pound and burley prices jumped 14 cents to 44.3 cents per pound.

With sanctions against Rhodesian tobacco still in force, Malawi's growers continue to benefit from increased production and higher prices. Most growers plan increased acreage and larger crops for 1970.

MALAWI TOBACCO SALES

| Type | Weight | Average price per lb. |
|---|---|---|
| Flue-cured: | *1,000 lb.* | *Cents* |
| 1967 | 4,863 | 52.0 |
| 1968 | 6,061 | 43.1 |
| 1969 | 6,110 | 47.3 |
| Fire-cured (Southern): | | |
| 1967 | 5,775 | 12.4 |
| 1968 | 1,240 | 18.5 |
| 1969 | 1,129 | 27.1 |
| Fire-cured (Northern): | | |
| 1967 | 17,410 | 14.6 |
| 1968 | 15,609 | 20.9 |
| 1969 | 9,416 | 31.2 |
| Sun-air cured: | | |
| 1967 | 2,517 | 24.6 |
| 1968 | 2,330 | 18.7 |
| 1969 | 2,135 | 33.2 |
| Burley: | | |
| 1967 | 5,874 | 18.7 |
| 1968 | 6,673 | 30.1 |
| 1969 | 7,632 | 44.3 |

## Ontario Flue-Cured Auctions To Open

The Ontario Flue-Cured Tobacco Growers Exchanges will open on November 6, 1969, to sell the 1969 crop. This year's harvest is estimated at about 200 million pounds, with prices expected to average between 62 and 66 U.S. cents per pound. Last year's crop of 200.4 million pounds was sold at an average price of 65.7 U.S. cents per pound.

## EC Pledges Nonfat Milk to World Food

The Council of the European Community has announced general rules for distribution of a sizable contribution of nonfat dry milk to the World Food Programs and the International Committee of the Red Cross. Release of a total of 271 million pounds for distribution to developing countries has been authorized over a 2-year period with 264 million pounds allocated to the World Food Programs and 7 million pounds to the International Committee of the Red Cross.

Under the rules, announced by the Council September 16, 1969, the quantities of nonfat dry milk available from each of the member states are to be determined by the Management Committee for Milk and Dairy Products, which is composed of representatives of the member states and chaired by a representative of the Commission. Each member state will appoint an agency authorized to implement the transactions required for transfer of this nonfat dry milk over the period designated.

A payment is to be granted covering the cost of transportation to f.o.b. point of embarkation. In addition to the payment of internal transportation to the shipping point, another flat payment will be made to help defray cost of transportation to port of destination and distribution within the recipient country.

The transportation charge for the commodity will be determined by bid, and it is the responsibility of the authorized agency in each member state to handle this procedure.

The International Committee of the Red Cross will receive reimbursement on the basis of the actual transportation costs.

The payment for cost of transportation and also the flat contribution granted to the agency responsible for distribution of the product in recipient countries will be guaranteed by the member state which owns the nonfat dry milk.

## Weekly Report on Rotterdam Grain Prices

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

| Item | Oct. 14 | Change from previous week | A year ago |
|---|---|---|---|
| | *Dol. per bu.* | *Cents per bu.* | *Dol. per bu.* |
| Wheat: | | | |
| Canadian No. 2 Manitoba ... | 1.93 | 0 | 2.04 |
| USSR SKS-14 ..... | 1.77 | +1 | 1.96 |
| Australian Prime Hard ..... | 1.84 | 0 | (1) |
| U.S. No. 2 Dark Northern Spring: | | | |
| 14 percent ..... | 1.82 | +1 | 1.97 |
| 15 percent ..... | 1.90 | +1 | 2.01 |
| U.S. No. 2 Hard Winter: | | | |
| 13.5 percent ..... | 1.77 | +1 | 1.91 |
| Argentine ..... | (1) | (1) | 1.75 |
| U.S. No. 2 Soft Red Winter . | 1.52 | −2 | 1.74 |
| Feedgrains: | | | |
| U.S. No. 3 Yellow corn .... | 1.46 | +4 | 1.21 |
| Argentine Plate corn ..... | 1.77 | −1 | 1.34 |
| U.S. No. 2 sorghum ..... | 1.45 | +2 | 1.29 |
| Argentine-Granifero ..... | 1.49 | +1 | 1.27 |
| Soybeans: | | | |
| U.S. No. 2 Yellow (new crop) | 2.72 | +5 | 2.84 |

[1] Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

## Canadian Wheat Crop at Record Level

Based on the August forecast of production, Canada's Dominion Bureau of Statistics reports that Canadian wheat supplies for the 1969-70 crop year (beginning Aug. 1) will reach an alltime high—1,528 million bushels—for the second consecutive year. These supplies are some 16 percent greater

than last season's record 1,315 million, reflecting substantial increases in both carryover stocks and production.

Stocks carried over from 1968-69 increased from 666 million bushels July 31, 1968, to a record 850 million in 1969. The 1969 harvest is forecast at 678 million bushels—based on mid-August conditions—compared with 650 million in 1968. Although seeded acreage declined by some 15 percent, the average yield increased from 22.1 bushels in 1968 to a next-to-record 27.2 bushels per acre.

According to preliminary data, combined exports of wheat in bulk, and of seed wheat and wheat flour, in terms of wheat equivalent, amounted to 305.8 million bushels, the lowest since 1959-60. They were 9 percent lower than the previous year's total of 336.0 million and 24 percent below the 10-year (1957-58 to 1966-67) average exports of 402.9 million.

For the first time, the Republic of China was the major market, purchasing 83.1 million bushels and accounting for 30 percent of the 1968-69 total. Britain moved to second place, importing 55.7 million bushels and accounting for 20 percent of the total. Other principal markets, with quantities in millions of bushels, and the 1967-68 crop year figures in brackets, were as follows: Japan, 43.3 (40.8); India, 15.3 (22.4); Italy, 15.2 (10.2); West Germany, 12.8 (17.5); Belgium and Luxembourg, 7.5 (9.9); the Netherlands, 5.9 (5.0); and Switzerland, 5.6 (2.6).

## Good Grain Harvest in Denmark

Despite late sowing and a long drought, the total grain harvest in Denmark for 1969 was 6,720,000 metric tons, or only 1 percent less than the 1968 record harvest of 6,786,000 tons. Earlier estimates for 1969 had been for a decline of 5 percent.

The grain harvest season was dry and the quality was excellent. Because of the dry weather, artificial drying was practically unnecessary. The yield per acre was lower than in the previous year, but the total area seeded to grains was larger. Total area planted to cereals in 1969 was up 44,500 acres to a total of 4,208,100.

DENMARK'S GRAIN AREA AND PRODUCTION

| | 1968 | | 1969 [1] | |
|---|---|---|---|---|
| | Area | Production | Area | Production |
| | *1,000 acres* | *1,000 metric tons* | *1,000 acres* | *1,000 metric tons* |
| Winter wheat | 177.9 | 363 | 170.5 | 327 |
| Spring wheat | 59.3 | 101 | 71.7 | 113 |
| Winter rye | 89.0 | 124 | 89.0 | 121 |
| Spring rye | 7.4 | 7 | 7.4 | 7 |
| Barley | 3,098.6 | 5,048 | 3,222.2 | 5,194 |
| Oats | 538.7 | 863 | 504.1 | 755 |
| Mixed grains | 192.7 | 280 | 143.3 | 203 |
| Total [2] | 4,163.6 | 6,786 | 4,208.1 | 6,720 |

[1] Preliminary. [2] Totals may not add due to rounding.

Owing to spotty weather conditions, fluctuations in yields throughout the country were greater than normal. After taking into account the shifts in the plantings of the various types of grains, it can be estimated that the yield per acre decreased by 2 percent compared with the previous year.

The harvest of foodgrains showed a decline of 27,000 tons from 1968. The rye harvest will only meet the domestic demand and the surplus of wheat is rather small. The only real surplus problem is barley. The agricultural organizations and the grain trade are now attempting to determine how much surplus grain will need to be exported. The agricultural organizations feel that an export of at least the same size as last year will be necessary. The grain trade, however, maintains that exports will have to be nearly double last year's or as much as 600,000 to 700,000 tons, because of large carryover stocks from harvest 1968.

Grain stocks at the farms as of August 15, 1969, were 220,000 tons, or 160,000 more than at the same time in 1968. The stocks of foodgrains were the same size as the previous year. The increase in stocks is in barley. The commercial stocks as of August 1, 1969, were officially set at 291,629 tons (including grain products), or 19,000 more than at the same time in 1968.

Considering the current world market prices for grains, an export of about 350,000 tons of Danish grains—which is the same as last year—will call for an export subsidy of about $6.5-8 million from the Agricultural Fund. Until now, the Disposal Fund has agreed to support the export of 150,000 tons of malting barley.

## U.S. Meat Imports Set New High in August

U.S. meat imports subject to quota restrictions during August set a new high of 141.8 million pounds and were 30.5 percent larger than the August 1968 figure of 108.6 million. Imports during the January–August period totaled 733.6 million pounds—up 12.5 percent from the same period last year.

U.S. IMPORTS SUBJECT TO MEAT IMPORT LAW
[Public Law 88-482]

| Imports | August | January-August |
|---|---|---|
| | *Million pounds* | *Million pounds* |
| 1969: | | |
| Subject to Meat Import Law[1] | 141.8 | [2]733.6 |
| Total beef and veal[3] | 151.3 | 812.9 |
| Total red meats[4] | 187.3 | 1,106.1 |
| 1968: | | |
| Subject to Meat Import Law[1] | 108.6 | 652.0 |
| Total beef and veal[3] | 113.2 | 717.8 |
| Total red meats[4] | 145.4 | 1,009.3 |
| 1967: | | |
| Subject to Meat Import Law[1] | 92.2 | 558.6 |
| Total beef and veal[3] | 100.1 | 608.2 |
| Total red meats[4] | 130.9 | 870.3 |

[1] Fresh, chilled, and frozen beef, veal, mutton, and goat meat. [2] Rejections occur after entry is made and are not included in the published census figures. Rejected meat, which is not subject to P.L. 88-482 and should be subtracted from these figures, amounted to 5.4 million lb. during January-June. [3] All forms, including canned and preserved. [4] Total beef, veal, pork, lamb, mutton, and goat.

## U.S. Trade in Livestock and Meats

Red meat imports totaled 1.1 billion pounds during the first 8 months of 1969—compared with the 1.0 billion pounds imported last year. Accounting for most of the increase were boneless beef shipments, which amounted to 668.2 million pounds through August 1969, compared with 570.5 million pounds through August 1968. Favorable prices continue to make the United States a preferred market for boneless beef exports: imports of boneless beef in the month of August alone rose 32.2 percent above their level for the same month in 1968.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

| Commodity | August | | January-August | |
|---|---|---|---|---|
| | 1968 | 1969 | 1968 | 1969 |
| Red meats: | | | | |
| Beef and veal: | | | | |
| Fresh and frozen: | *1,000* | *1,000* | *1,000* | *1,000* |
| Bone-in beef: | *pounds* | *pounds* | *pounds* | *pounds* |
| Frozen | 1,486 | 779 | 7,024 | 4,995 |
| Fresh and chilled | 1,775 | 517 | 11,724 | 6,680 |
| Boneless beef | 98,463 | 130,204 | 570,529 | 668,235 |
| Cuts (prepared) | 60 | 53 | 908 | 1,024 |
| Veal | 969 | 894 | 13,772 | 15,727 |
| Canned beef: | | | | |
| Corned | 6,776 | 11,316 | 59,097 | 60,689 |
| Other, incl. sausage | 571 | 3,257 | 9,633 | 13,269 |
| Prepared and preserved | 3,073 | 4,259 | 45,076 | 42,255 |
| Total beef and veal [1] | 113,182 | 151,279 | 717,759 | 812,872 |
| Pork: | | | | |
| Fresh and frozen | 3,508 | 3,289 | 34,859 | 31,002 |
| Canned: | | | | |
| Hams and shoulders | 16,559 | 14,407 | 151,374 | 157,385 |
| Other | 2,897 | 2,509 | 27,236 | 19,502 |
| Cured: | | | | |
| Hams and shoulders | 95 | 452 | 1,542 | 1,372 |
| Other | 274 | 291 | 2,849 | 2,502 |
| Sausage | 200 | 253 | 1,560 | 2,264 |
| Total pork [1] | 23,534 | 21,201 | 219,421 | 214,029 |
| Mutton and goat | 5,949 | 9,358 | 49,010 | 37,916 |
| Lamb | 1,236 | 3,963 | 10,772 | 27,835 |
| Other sausage | 673 | 573 | 4,944 | 5,492 |
| Other meats | 801 | 895 | 7,414 | 7,934 |
| Total red meats [1] | 145,373 | 187,270 | 1,009,318 | 1,106,078 |
| Variety meats | 342 | 173 | 2,484 | 2,604 |
| Meat extract | 22 | 74 | 467 | 618 |
| Wool (clean basis): | | | | |
| Dutiable | 9,460 | 9,772 | 95,332 | 67,726 |
| Duty-free | 9,699 | 13,971 | 81,803 | 67,832 |
| Total wool [1] | 19,161 | 23,742 | 176,634 | 135,558 |
| Animal hair | 429 | 210 | 5,032 | 4,489 |
| | *1,000* | *1,000* | *1,000* | *1,000* |
| Hides and skins: | *pieces* | *pieces* | *pieces* | *pieces* |
| Cattle | 47 | 28 | 321 | 202 |
| Calf | 46 | 32 | 278 | 268 |
| Kip | 32 | 22 | 176 | 227 |
| Buffalo | 48 | 56 | 360 | 345 |
| Sheep and lamb | 2,216 | 1,574 | 25,418 | 17,694 |
| Goat and kid | 296 | 417 | 3,885 | 3,639 |
| Horse | 26 | 13 | 196 | 141 |
| Pig | 28 | 48 | 485 | 480 |
| Livestock: | *Number* | *Number* | *Number* | *Number* |
| Cattle [2] | 32,422 | 15,895 | 594,500 | 537,504 |
| Sheep | 71 | 12 | 1,212 | 1,681 |
| Hogs | 1,532 | 1,255 | 16,832 | 7,003 |
| Horses, asses, mules and burros | 275 | 359 | 2,171 | 2,281 |

[1] May not add due to rounding. [2] Includes cattle for breeding.
U.S. Department of Commerce, Bureau of the Census.

Lamb imports increased in August compared with last year. Total lamb imports for the January-August period were 27.8 million pounds, compared with 10.8 million pounds in 1968.

Imports of wool, animal hair, and all categories of hides and skins except kip were below year-earlier levels for the period January-August 1969. Also, cattle and hog import numbers were down 9.6 percent and 58.4 percent, respectively.

In general, U.S. exports of livestock products increased also. Total red meat exports—129.0 million pounds—were more than double their year-earlier level. Pork exports, primarily to Canada and Japan, accounted for most of the increase, rising from 30.2 million pounds to 97.6 million pounds. Of the animal fats, lard exports—155.0 million pounds—were 37.1 percent greater than last year, while exports of inedible tallow and greases were down 12.9 percent.

Despite the 19.0 percent drop in variety meat exports during August, variety meat exports for the first 8 months totaled 147.9 million pounds—up 10.3 percent from January-August 1968. All categories of hides and skins except calf and horse were above year-earlier levels during the first 8 months of 1969. Of the livestock category, exports of cattle and calves and of hogs were above year-earlier levels for January-August.

U.S. EXPORTS OF SELECTED LIVESTOCK PRODUCTS

| Commodity | August | | January-August | |
|---|---|---|---|---|
| | 1968 | 1969 | 1968 | 1969 |
| | *1,000* | *1,000* | *1,000* | *1,000* |
| Animal fats: | *pounds* | *pounds* | *pounds* | *pounds* |
| Lard | 15,903 | 23,469 | 113,034 | 154,964 |
| Tallow and greases: | | | | |
| Inedible | 218,745 | 172,877 | 1,505,073 | 1,311,160 |
| Edible | 782 | 1,010 | 6,067 | 9,317 |
| Meats: | | | | |
| Beef and veal | 2,353 | 2,241 | 18,082 | 17,614 |
| Pork | 10,301 | 5,896 | 30,231 | 97,626 |
| Lamb and mutton | 102 | 112 | 1,168 | 1,124 |
| Sausages: | | | | |
| Canned | 102 | 71 | 959 | 708 |
| Except canned | 280 | 285 | 1,935 | 2,638 |
| Meat specialties: | | | | |
| Canned | 122 | 104 | 948 | 929 |
| Frozen | 179 | 158 | 1,220 | 1,786 |
| Other canned | 734 | 869 | 5,696 | 6,554 |
| Total red meats [1] | 14,184 | 9,738 | 60,232 | 128,988 |
| Variety meats | 20,617 | 16,704 | 134,107 | 147,904 |
| Sausage casings: | | | | |
| Hog | 557 | 653 | 4,124 | 5,005 |
| Other natural | 609 | 331 | 2,282 | 2,433 |
| Mohair | 1,174 | 1,120 | 7,331 | 9,202 |
| Hides and skins: | | | | |
| Cattle parts | 3,650 | 3,061 | 21,735 | 23,384 |
| | *1,000* | *1,000* | *1,000* | *1,000* |
| | *pieces* | *pieces* | *pieces* | *pieces* |
| Cattle | 1,306 | 1,339 | 8,085 | 9,574 |
| Calf | 91 | 84 | 1,423 | 920 |
| Kip | 20 | 31 | 214 | 308 |
| Sheep and lamb | 423 | 377 | 2,535 | 2,579 |
| Horse | 6 | 7 | 51 | 41 |
| Goat and kid | 24 | 38 | 155 | 249 |
| Livestock: | *Number* | *Number* | *Number* | *Number* |
| Cattle and calves | 2,453 | 3,298 | 23,012 | 23,672 |
| Sheep, lambs, and goats | 6,017 | 8,245 | 94,222 | 87,608 |
| Hogs | 1,254 | 1,005 | 8,060 | 11,804 |
| Horses, asses, mules, and burros | 2,240 | 1,165 | 8,875 | 7,684 |

[1] May not add due to rounding.
U.S. Department of Commerce, Bureau of the Census.

## U.S. Exports of Soybeans, Oils, Meals

U.S. exports of soybeans in August totaled 12.1 million bushels—down 5.2 million from the 17.3 million exported in the same month last year. The cumulative total for the entire marketing year, however, reached 286.8 million bushels, an increase of 7 percent or 20.2 million over last year. Soybean exports in 1968-69, despite a 2-month dock strike, set a new record level for the eighth consecutive year.

The largest increase, as shown by the Bureau of the Census, was in exports destined for Canada, which totaled 37.9 million bushels compared with 21.7 million the previous year. These data are misleading, however, since they include U.S.

soybeans exported from Canada to Western Europe, Israel, and Japan. Records of the Board of Grain Commissioners for Canada indicate that 27.9 million bushels of U.S. soybeans were inspected in 1968-69 at Canadian ports for transshipment, compared with 8.4 million in 1967-68. When these inspection data are deducted from the quantities shown by the Bureau of the Census, exports to Canada show a decline to 10 million bushels in 1968-69 from 13.3 million in 1967-68.

On the other hand, current Census data indicate a decline in exports to Japan, largest single U.S. market for soybeans. Inspection data at Canadian ports, however, show an additional 4.98 million bushels exported to that country, increasing the total to 75 million bushels versus 74 million last year.

For a more accurate view of current market trends, a breakdown of inspections at Canadian ports is included (in million bushels) as follows: Belgium, 0.6; Denmark, 0.1; West Germany, 3.0; Israel, 1.1; Italy, 1.5; Japan, 5.0; Netherlands, 9.6; Norway, 0.7; Spain, 4.0; and the United Kingdom, 2.3.

Soybean oil exports in August totaled 32.7 million pounds, 18 percent below exports in August 1968. The October-August total of 767.0 million pounds also lagged 8 percent or 64.2 million behind the previous year. Although Public Law 480 shipments to India increased 39 percent over last year's 11-month total, aggregate shipments to Pakistan, Tunisia, Morocco, and the Dominican Republic fell one-third below last year's level. Also, less oil was shipped under Title II of P.L. 480 for donations by voluntary agencies.

The 6.9 million pounds of cottonseed oil exported in August brought the cumulative total to 139.2 million, 3 times as large as last year's exports. Nearly 50 percent of the oil was taken by Venezuela, and 40 percent by the former U.S. cottonseed oil markets of West Germany, Canada, the Netherlands, and the United Arab Republic. The UAR's purchases, however, now represent dollar sales instead of P.L. 480 transactions as in former years.

Exports of soybean meal totaled 243,100 tons, 3 percent higher than exports in August 1968. Cumulative exports now stand at 2.89 million tons, 6 percent or 156,800 tons higher than last year. The bulk of the increase was shipped to the European Community, Canada, Yugoslavia, Spain, Switzerland, and Ireland. Exports of other cakes and meals totaling 129,600 tons (including 10,300 tons of cottonseed; 63,500 tons of linseed; and 55,800 tons of other cake and meal) brought total meal exports to 3.03 million tons compared with 2.91 million a year ago.

U.S. EXPORTS OF SOYBEANS, OILS, AND MEALS

| Item and country of destination | Unit | August 1968 [1] | August 1969 [1] | Sept.-Aug. 1967-68 [1] | Sept.-Aug. 1968-69 [1] |
|---|---|---|---|---|---|
| SOYBEANS | | | | | |
| Belgium-Luxembourg | Mil. bu. | 1.0 | .6 | 8.7 | 10.2 |
| France | do. | 0 | 0 | .6 | .3 |
| Germany, West | do. | 2.6 | .9 | 32.0 | 30.5 |
| Italy | do. | .7 | .7 | 14.8 | 16.4 |
| Netherlands | do. | 2.0 | 1.2 | 36.8 | 40.7 |
| Total EC | do. | 6.3 | 3.4 | 92.9 | 98.1 |
| Japan | do. | 4.5 | 4.5 | 73.7 | 69.9 |
| Canada | do. | 1.5 | 1.9 | 21.7 | 37.9 |
| Spain | do. | 2.7 | 1.2 | 29.5 | 31.2 |
| China, Taiwan | do. | .5 | .5 | 10.6 | 16.6 |
| Denmark | do. | 1.1 | 0 | 15.5 | 11.8 |
| Israel | do. | 0 | 0 | 9.5 | 6.5 |
| Others | do. | .7 | .6 | 13.2 | 14.8 |
| Total | do. | 17.3 | 12.1 | 266.6 | 286.8 |
| Oil equivalent | Mil. lb. | 189.4 | 133.2 | 2,927.0 | 3,148.8 |
| Meal equivalent | 1,000 tons | 405.4 | 285.1 | 6,264.6 | 6,739.2 |

| EDIBLE OILS | | August 1968 [1] | August 1969 [1] | Oct.-Aug. 1967-68 [1] | Oct.-Aug. 1968-69 [1] |
|---|---|---|---|---|---|
| Soybean: [2] | | | | | |
| India | Mil. lb. | 5.9 | 8.1 | 190.5 | 264.0 |
| Pakistan | do. | 0 | 0 | 147.9 | 131.4 |
| Tunisia | do. | 0 | 3.6 | 96.7 | 50.3 |
| Vietnam, South | do. | 0 | 0 | 32.4 | 36.9 |
| Israel | do. | 2.9 | 4.5 | 33.2 | 32.5 |
| Chile | do. | 4.7 | 0 | 19.3 | 29.4 |
| Canada | do. | 3.7 | 1.5 | 23.0 | 26.1 |
| Morocco | do. | 8.8 | ([3]) | 50.3 | 25.3 |
| Dominican Republic | do. | .7 | 3.7 | 48.8 | 24.9 |
| Iran | do. | 0 | 0 | 7.2 | 24.4 |
| Haiti | do. | 1.0 | 1.8 | 15.5 | 17.9 |
| Jamaica | do. | 1.7 | .4 | 9.4 | 10.4 |
| Others | do. | 10.6 | 9.1 | 157.0 | 93.5 |
| Total | do. | 40.0 | 32.7 | 831.2 | 767.0 |
| Cottonseed: [3] | | | | | |
| Venezuela | do. | .1 | 5.5 | 32.7 | 68.2 |
| UAR | do. | 0 | 0 | 0 | 17.2 |
| Germany, West | do. | 0 | 0 | .4 | 15.3 |
| Canada | do. | .4 | 1.1 | 6.7 | 14.8 |
| Netherlands | do. | 0 | .2 | .5 | 10.2 |
| Others | do. | .3 | .1 | 5.3 | 13.5 |
| Total | do. | .8 | 6.9 | 45.6 | 139.2 |
| Total oils | do. | 40.8 | 39.6 | 876.8 | 906.2 |

CAKES AND MEALS

| | | | | | |
|---|---|---|---|---|---|
| Soybean: | | | | | |
| Belgium-Luxembourg | 1,000 tons | 12.0 | 3.8 | 232.9 | 161.7 |
| France | do. | 36.2 | 33.3 | 451.9 | 446.5 |
| Germany, West | do. | 33.5 | 57.1 | 492.4 | 604.4 |
| Italy | do. | 5.7 | 17.4 | 176.2 | 211.4 |
| Netherlands | do. | 44.2 | 30.0 | 514.9 | 480.1 |
| Total EC | do. | 131.6 | 141.6 | 1,868.3 | 1,904.1 |
| Canada | do. | 15.7 | 28.3 | 211.0 | 279.6 |
| Yugoslavia | do. | 28.8 | 12.8 | 101.6 | 134.9 |
| Poland | do. | 15.1 | 12.3 | 80.6 | 103.0 |
| Spain | do. | 14.4 | 14.4 | 15.0 | 79.4 |
| Switzerland | do. | 3.5 | 2.1 | 9.3 | 60.8 |
| Philippines | do. | 6.2 | 8.1 | 46.6 | 41.0 |
| United Kingdom | do. | .2 | 4.9 | 76.9 | 37.9 |
| Ireland | do. | 0 | 0 | 31.0 | 36.7 |
| Bulgaria | do. | 0 | 13.6 | 41.4 | 32.7 |
| Others | do. | 20.9 | 5.0 | 261.1 | 189.5 |
| Total | do. | 236.4 | 243.1 | 2,742.8 | 2,899.6 |
| Cottonseed | do. | .2 | .4 | 2.7 | 10.3 |
| Linseed | do. | 12.1 | 2.4 | 91.8 | 63.5 |
| Total cakes and meals [4] | do. | 254.5 | 255.3 | 2,907.0 | 3,029.2 |

[1] Preliminary. [2] Includes shipments under P.L. 480 as reported by Census. [3] Less than 50,000 lb. [4] Includes peanut cake and meal and small quantities of other cakes and meals. Computed from rounded numbers. Bureau of the Census.

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# Scientists Study Solutions for World Protein Problem

Nutritionists, biochemists, food technologists, and economists from throughout the world gathered last month at the Massachusetts Institute of Technology to discuss the world protein problem and to evaluate amino acid fortification as a possible solution. The occasion was a conference sponsored by the Joint Malnutrition Panels of the U.S.-Japan Cooperative Medical Science Program and planned by Dr. Nevin Scrimshaw, Head of the Department of Nutrition and Food Science, MIT; Dr. Daniel Rosenfield, Deputy Director of the High Protein Foods and Agribusiness Group, USDA; and Dr. Aaron M. Altschul, Special Assistant to the Secretary of Agriculture for Nutrition Improvement. Below, *Byron L. Berntson* (Program Coordinator of the High Protein Foods and Agribusiness Groups, FAS/IAD) summarizes the thinking that lay behind the conference and reports on some highlights—particularly, important field trials that are now beginning in less developed areas.

The new "miracle" seeds now being used in the Green Revolution that has boosted grain output in the less developed world be the catalyst needed to ultimately eliminate mass hunger. But this does not imply elimination of the world's food problem; first, because food needs in the less developed areas will continue to increase as long as population rates do, and second, because nutritional quality remains inadequate even though food production is on the upswing. Protein is one of the essential nutrients most often deficient in the less developed world.

One of the major causes of world protein deficiency is that more than two-thirds of the total protein supply for the majority of the world's population comes from cereals, which are generally lower in biologically usable protein than animal foods are. One approach is increasing the utilizable proteins from cereal sources; and perhaps the most practical, least expensive way to do this—given the present state of technology—is to fortify cereals or cereal foods directly with the amino acids in which they are deficient.

The basic technology for adding amino acids to foods has already been developed and can readily be modified for application to the many different foods consumed around the world. Reporting on this basic technology was Dr. Fredric R. Senti (Deputy Administrator for Nutrition, Consumer, and Industrial Use Research, ARS, USDA). In cereals, amino acids may be added either to the whole kernel or to flour by several different methods; also, a synthetic rice kernel carrying fortification ingredients has been developed for mixing with natural rice. Pasta presents a special problem because cooking leaches out the fortifying agents; this has been countered by placing them in a layer in the very center of the pasta during manufacture. Dr. Senti also touched on the possibility of fortifying salt and tea, both of which are consumed by large populations in some of the less developed areas.

Among current projects for amino acid fortification which are now being funded by AID and in which USDA is involved is the largest field trial ever undertaken, beginning in southern Tunisia with the cooperation of the Government of Tunisia and the Harvard University Department of Nutrition. Dr. Daniel Rosenfield (USDA) reported on this project.

More than 70,000 people in 12 isolated villages are involved, in an area that consumes but does not produce wheat. In four of the villages, wheat flour and wheat products brought in from northern Tunisia will be fortified with vitamins, minerals, and lysine—the first limiting essential amino acid in wheat.

The second group of villages will receive only vitamins and minerals, and the third will receive its wheat products without the additives. Over the 4 years of the field trial, medical and biochemical data will be collected on approximately 2,000 children. Also, an attempt is being made to collect socio-economic data that may indicate the effects of the fortification.

Two fortification field trials are being conducted with other cereals in other countries—rice in Thailand and corn in Guatemala. The hope is that data gathered in all these projects will be adequate to show development planners the value of committing the limited resources needed for permanent fortification programs in the less developed world.



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